

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2004-117

February 18, 2004

MAINE PUBLIC UTILITIES COMMISSION  
Investigation Into the Administration and  
Structure of Commercial and Industrial and  
Small Business Programs

NOTICE OF  
INVESTIGATION

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WELCH, Chairman; DIAMOND and REISHUS, Commissioners

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**I. SUMMARY**

By this Notice, we initiate an **investigation** that will determine the implementation structure of the various business and the existing schools energy efficiency programs. In addition, we will determine whether a dedicated program for local and county governments is also appropriate under this implementation structure.

**II. BACKGROUND**

Pursuant to the provisions of P.L. 2002, ch. 624 (the Conservation Act or Act), the Commission is directed to develop and implement electric conservation programs. The Act authorizes, and the Commission has in fact implemented, various interim programs during 2002-2003 under the name of Efficiency Maine. The interim program plan and individual programs were all approved in Docket 2002-161.

The Efficiency Maine Small Business Program was the first business program implemented. The program was specifically designed and targeted at the small business community, because the Act directs the Commission to target 20% of its programs to "small business consumers." 35-A M.R.S.A. § 3211-A(2)(B)(2). In the fall of 2002, a Request for Proposal ("RFP") was issued for an implementation contractor for this program. The implementation contractor was selected and program implementation began on April 15, 2003.

The Commercial and Industrial Program was developed following the launch of the Small Business Program. The Commercial and Industrial Program had multiple components including technical training, business practice training and a grant program. The contractor for grant program design and implementation assistance was solicited through a competitively bid RFP process, and the grant program became available to the commercial and industrial customer segment on November 1, 2003.

The Existing Schools Efficiency Program was not in the original interim program plan. But after training school facility operators in the Building Operator Certification Program, it became apparent there was a need in the existing school community for assistance in implementing energy efficiency measures. Because the type of equipment found in many existing schools is similar to the type of equipment that is

routinely replaced through the Small Business Program, it was determined that the Existing Schools Efficiency Program could be “piggybacked” on the Small Business Program with limited additional administrative overhead. This program was approved and became available to the public on August 5, 2003. The funding came from the appropriate Small Business or Commercial and Industrial Program.

In order to complete a well-managed transition from interim to full-scale programs, the full-scale Small Business and Commercial and Industrial Programs were initiated by extending the contracts with the interim program service providers for six months until June 30, 2004. Thus, the full-scale Small Business and Commercial and Industrial Programs, and the associated contractors of these programs, are extensions of the interim programs initiated by the Commission in 2003.

In the October 20, 2003 Order Adopting the Conservation Program Plan, we noted that the Office of the Public Advocate recommended consolidation of the number of competitively solicited contracts to reduce administrative cost. Our experience with the Small Business, Commercial and Industrial and the Existing Schools Efficiency Programs indicates there may be opportunities to gain synergies and cost savings by consolidating some aspects of the programs. Since we must re-bid these contracts and select new implementation contractors, it is appropriate at this time to investigate consolidation of the programs not only to reduce administration costs but also to maximize other synergies.

The October 20, 2003 Order Adopting the Conservation Program Plan for the full-scale programs had an additional Commercial and Industrial Program for the agricultural industry in Maine. The funding for the Agricultural Program would come from the Small Business or Commercial and Industrial Programs. This customer group has its own characteristics and distribution chains and the Plan calls for a specialized implementation contractor selected through the competitive bid process. A consolidated RFP including an agricultural component could address this issue.

Another customer group has recently come to the forefront as needing special consideration. At this time, all county and local governments are eligible under the Commercial and Industrial Program and only a limited number meet the employment eligibility for the Small Business Program. The type of assistance this customer group typically requests, however, is more in line with the requests we see coming from the small business community. County and local governments face significant barriers to implementing energy efficiency. There is intense competition for personnel time and attention, and electrical energy costs do not represent a large enough share of their budgets to command attention to energy efficiency. They may also lack capital for investment, as well as expertise in energy matters, and they may perceive a risk associated with new or unfamiliar technology. Creating a specific offering for county and local governments, with the same characteristics as the Small Business Program will address the needs of this customer group. This offering could be part of a consolidated RFP.

We propose that all programs directed at commercial enterprises and existing schools, along with those that would deal with county and municipal government, be consolidated into a single business program using a single competitively selected implementation contractor. Additionally, the Commission would have the flexibility to add any new business component that might be enacted by the Legislature, such as the Pine Tree Zones now under consideration, to the business program. The funding for the various offerings would not change from the budget detailed in the October 20, 2003 Plan. The budget for any new Program component would come from the appropriate Small Business or Commercial and Industrial Program budget.

### **III. DECISION**

By this Notice, we open an investigation into the consolidation of the Efficiency Maine Commercial and Industrial Programs, the Small Business Program, the Agricultural Program, and the Existing Schools Program, along with the addition of a County and Local Government Program component. Specifically, we will investigate:

- I. Whether the proposed structure should be one Efficiency Maine Business Program with several components including: Small Business Program, Existing Schools Program, Agricultural Program, County and Local Government Program and Commercial and Industrial Grant Program.
- II. Whether allowing any business customer and/or its contractor to contact the Efficiency Maine Business Program for advice by program staff on which offering best fits its individual project is a more efficient way to deliver the program than the current multiple program approach.
- III. Whether the allocation of costs from a county and local government program to the Small Business or C&I Program budgets is appropriate.
- IV. Whether stakeholders believe there are any other improvements in the program delivery mechanism that should be made at this time.

The Administrative Director is directed to send a copy of this Notice of Investigation to the service lists in Docket Nos. 2002-162 and 2002-161.

We invite interested persons to respond to the questions posed above, and any other issues raised by our proposal to create a single business program using a single implementation contractor. Responsive filings should be filed with the Administrative Director by February 27, 2004.

Shortly after February 27, the Commission will decide how to implement the continuation of the various full-scale business programs and issue an RFP or RFPs for implementation contractors.

Dated at Augusta, Maine, this 18<sup>th</sup> day of February 2004.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Diamond  
   Reishus

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.